

Economic Analysis of Lease Versus Construction  
for CIA Consolidation

OBJECTIVE

The purpose of this analysis is to compare the present value costs of a lease alternative versus federal construction.

ASSUMPTIONS

1. A constructed building will contain approximately 800,000 square feet of net useable space.
2. For the lease alternative, 800,000 net square feet of consolidated space will be acquired.
3. The economic life of a building or buildings is 30 years.
4. Construction of a new building will be on the Headquarters compound.
5. The General Services Administration (GSA) modified computer software used for this analysis is valid.

PROCEDURES

1. Cost data have been provided by the Building Planning Staff, Office of Logistics, and GSA.
2. The comparative analysis was compiled in accordance with procedures contained in OMB Circular A-104.

CONCLUSIONS

The results show that the Federal Construction Alternative is the preferred choice.

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CIA CONSOLIDATION  
COMPARATIVE COST ANALYSIS SUMMARY

Lease Alternative

Initial Alterations	\$ 14,392,840
Taxes & Insurance	17,372,658
Net, Net Rent	97,567,049
Services & Utilities	68,249,727
Alterations	6,551,974
General Expenses	694,906
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Total Present Value	<u><u>\$204,829,153</u></u>

Construction Alternative

Imputed Taxes & Insurance	\$ 10,699,502
General Expenses	1,711,920
Services & Utilities	42,033,758
Major Repair & Alterations	8,315,042
Minor Repair & Alterations	2,323,320
Interim Lease Cost	37,359,372
Site Cost	2,428,486
Construction Cost	58,825,977
Design & Management	5,031,282
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	\$168,728,660
Less Residual Value	- 9,465,401
Less Income Received from Parking	- 917,100
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Total Present Value	<u><u>\$158,346,159</u></u>